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GENERAL

1. Possible future Communist line in western Europe--US
Embassy Paris reports that the 24 April issue of HUMANITE (French Communist Party newspaper) contained "a joint manifesto of the Communist parties of France, the UK, Belgium, Netherlands, and Luxembourg," which describes the European recovery program as a "war plan" and states that peace can be secured only "through the solidarity of the (Communist) peoples" of these five countries. The Embassy has been informed [redacted] that upon instructions from the Kremlin, Communists in France are preparing to hold international congresses which would coordinate Communist action against the "US menace."

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(CIA Comment: Although there has not as yet been any outright indication from Moscow of the post-Italian election party line, this manifesto may well reflect future Soviet and Communist intentions in western Europe and may therefore indicate a continuation of the intense Communist militant attitude toward all facets of US foreign policy.)

EUROPE

2. ITALY: Italian Government wishes to retain battleships--
According to US Ambassador Dunn, the Italian Government has given several recent indications of wishing to avoid the scrapping of the two battleships, the ITALIA and the VITTORIO VENETO, which were assigned to the US and the UK under the Italian treaty and reassigned to Italy for conversion into scrap. Dunn is convinced that France, the UK, and the USSR will not agree to a revision of the plans for the scrapping of these ships and that it would be inadvisable for the US to consider favorably such a revision. Dunn believes that a preferable modification of the naval clauses of the treaty would be one permitting the Italian navy to have more modern types of war vessels and to use modern defensive weapons.

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Army Review Completed

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3. TRIESTE: Suppression of Communist press considered--
US Political Adviser Joyce reports that the pro-Communist press campaign in Trieste against AMG "is close to crossing the line between hysterical abuse and positive incitement to violence." Joyce indicates that General Airey, although reluctant to interfere with the press, believes it may be necessary in the interest of public security to suppress pro-Communist newspapers in the area during the May Day period.

4. RUMANIA: Protest to Greek Government--US Minister Schoenfeld transmits published reports that Rumania has sent an official protest to Greece, charging wholesale persecution of the alleged 500,000 Rumanian nationals in Greece. (CIA estimates that there are no more than 30,000 Rumanian nationals in Greece.) Schoenfeld believes that the suddenness of this action without the usual press build-up indicates the receipt of new instructions from the Kremlin and suggests "possible larger and more serious motivations."

(CIA Comment: The Rumanian protest is probably designed primarily as an intensification of the Soviet war of nerves against Greece. Although it is possible that the Kremlin may be providing Rumania, as it has other Satellites, with a legal excuse for subsequent recognition of the Markos government, CIA has received no evidence that such recognition is imminent.)

5. FINLAND: Plan to oust Communists from Government--US Minister Warren has been informed that Finnish politicians are still actively considering maneuvers to overthrow the Government in order to establish a regime which would: (a) eliminate Communist control of the Ministry of the Interior and thus guarantee a free election; and (b) inform the west that Finland still retains freedom of action. According to Warren's informant, these politicians plan that, following ratification of the Soviet pact, the present Cabinet would resign upon failure to obtain a vote of confidence and a Social Democratic government would

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subsequently be formed. Warren adds that Rightists and Social Democrats are not unanimous in favor of the project and the Government may thwart this scheme by not insisting upon a vote of confidence.

(CIA Comment: CIA believes that elimination of the Communists from the Finnish Government, while reducing the chances of electoral abuses, would incite the USSR to adopt a more aggressive and coercive policy in an attempt to reduce Finland to complete Satellite status.)

NEAR EAST-AFRICA

6. PALESTINE: Arab plans for intervention developing slowly-- Reports from US and UK diplomatic representatives in Arab capitals indicate that despite tremendous public pressure for intervention, responsible Arab leaders are apprehensive of committing their regular armies in Palestine. The King of Transjordan and the Regent of Iraq are said to have insisted that before they move their troops assurances must be given by all Arab states of full support with men, money, and materials. The Egyptian Government is reluctant to participate in such a campaign because of probable international repercussions and the need of retaining all its forces in Egypt for reasons of internal security.

(CIA Comment: Arab leaders, distrustful of one another's motives, are reluctant to commit their armies to an all-out effort in Palestine. It is increasingly probable, however, that they will be forced into direct military intervention by public opinion, which has been further aroused by the arrival of Arab refugees from Palestine. Except for the Transjordan Arab Legion and some Syrian units, no effective forces are immediately available for such an operation.)

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7. **CHINA: Weakened position of Chiang Kai-shek--US Embassy** Nanking reports that developments connected with the vice presidential elections in the National Assembly have seriously split the Kuomintang. The Embassy adds that a large group of civil and military officials, as well as the vast majority of politically articulate Chinese not intimately associated with the Kuomintang machine, are now convinced that Chiang Kai-shek cannot provide the liberal, effective, and vigorous leadership which the present situation requires. The Embassy states further that the election of Li Tsung-jen to the vice presidency (which it considers likely) would in effect be a rejection of Chiang's leadership and might cause Chiang to refuse to accept the presidency. The Embassy comments, however, that despite the disturbing features in this situation, it is encouraging to note that "democratic forces are now making themselves felt in protest against autocracy and reaction."

Return of Soviet Ambassador--US Embassy Nanking also reports that General Roschin (former Soviet Military Attache in Nanking who was named Soviet Ambassador to China last February) is expected to return to Nanking in early May.

(CIA Comment: Roschin may be expected on his return to resume conversations with Nationalist officials concerning the possibilities of a compromise settlement with the Chinese Communists. Growing defeatism in Nationalist China and open dissatisfaction with the ineffectiveness of Chiang Kai-shek's Government probably will make Nationalist officials increasingly receptive to discussions of a compromise.)

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9. **ARGENTINA: US negotiations for food surpluses urged--** US Ambassador Bruce strongly recommends that he be authorized to negotiate with the Argentine Government for an agreement providing for the sale of grains and other products to the US and to European recovery program participants. Bruce suggests that such an agreement include the following terms: (a) Argentina to make such products available at "world market prices"; (b) US assurances that Argentina will receive at least \$300 million from such sales during the first year; and (c) an Argentine guarantee that a "reasonable percentage" of US dollars be reserved to enable private Argentine business to pay for US purchases.

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